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EIGHTY-FIRST

ANNUAL REPORT

DECEMBER 31, 1967

THE MANUFACTURERS LIFE

INSURANCE

COMPANY

The Eighty-first Annual Report

The Directors have pleasure in presenting their Eighty-first Annual Report, together with the Financial Statement, for the year ended December 31, 1967, and the Report thereon received from the Auditors.

NEW BUSINESS AND BUSINESS IN FORCE

The amount of New Business for the year was $1,021,310,000, being $8,902,000 in excess of that for 1966. The Business in Force was increased by $693,739,000 to a total of $7,080,210,000.

INCOME

Total Income during the year was $288,510,000. Premium Income amounted to $187,082,000, Net Investment Income to $97,364,000, and all other income to $4,064,000.

PAYMENTS UNDER POLICY CONTRACTS

Payments on existing, matured and surrendered policies, etc. were $87,384,000, including $16,468,000 in dividends to participating policyholders. Death Claims amounted to $36,987,000. The rate of mortality was approximately the same as in 1966.

ASSETS

The Assets of the Company increased during the year by $116,384,000 and amount to $1,725,862,000. The net rate of interest earned was 6.08%.

RESERVES, LIABILITIES AND SURPLUS

Insurance and Annuity Reserves amount to $1,392,718,000 and the Provision for Dividends to Policyholders to $18,494,000. After providing for these and all other liabilities, the Contingency Reserve amounts to $25,000,000 and the Surplus to $112,820,000.

The Directors wish to express to the Company's Managers, Representatives and Head Office and Branch Office Staffs their appreciation of the loyal and capable services which are reflected in the excellent results of the year's operations.

All of which is respectfully submitted.

G. L. HOLMES
Chairman of the Board

A. T. SEEDHOUSE
President

Toronto, January 18, 1968.

Income Account

for the years ended December 31, 1967 and 1966

INCOME	1967	1966
Insurance and Annuity Premiums	$187,082,000	$177,430,000
Investment Income less Investment Expense	97,364,000	89,007,000
Other Receipts	4,064,000	3,873,000
	$288,510,000	$270,310,000

DISPOSITION OF INCOME		
Death Claims	$ 36,987,000	$ 32,566,000
Annuities, Surrender Values, Matured Policies, Transfer, etc.	70,916,000	61,104,000
Dividends to Policyholders	16,468,000	15,238,000
Additions to Policy Funds necessary to provide for future payments to Policyholders and Beneficiaries	87,504,000	91,727,000
Payments under Settlement Annuities and Other Disbursements	4,206,000	3,980,000
Interest credited to Amounts on Deposit and Company Retirement Plans	5,771,000	5,082,000
Contributions to Company Retirement Plans related to past service	2,500,000	4,000,000
Commissions	13,865,000	13,163,000
Operating Expenses	27,304,000	25,238,000
Taxes	9,722,000	5,276,000
Adjustment in Asset Values in excess of Net Profit on Investment Transactions	1,500,000	1,000,000
Amount written off the cost of the Company's Capital Stock purchased under By-law No. 29	1,125,000	1,500,000
Increase in Surplus	10,642,000	10,436,000
	$288,510,000	$270,310,000

Balance Sheet

as at December 31, 1967 and 1966

ASSETS

		1967	1966
BONDS		$ 684,972,000	$ 658,786,000
Government and other Public Body	$264,749,000		
Public Utility and Corporation	420,223,000		
STOCKS		161,795,000	133,036,000
Preferred	86,319,000		
Common	75,476,000		
MORTGAGES		613,545,000	588,484,000
REAL ESTATE HELD FOR INVESTMENT		102,120,000	87,069,000
OFFICE PREMISES		18,536,000	11,040,000
LOANS ON POLICIES		84,250,000	76,330,000
Loans made to policyholders on the security of their policies in accordance with the provisions of their policy contracts			
SHARES OF COMPANY'S CAPITAL STOCK		1,625,000	2,750,000
Balance of cost of 150,000 shares purchased at $275 each under the terms of By-law No. 29			
SEGREGATED INVESTMENT FUND		1,682,000	950,000
INTEREST ACCRUED		17,868,000	16,600,000
OUTSTANDING PREMIUMS		13,909,000	12,441,000
CASH		25,560,000	21,992,000
		$1,725,862,000	$1,609,478,000

NOTE — Sterling and related currency items are translated into Canadian Dollars at $2.80. United States Dollar items are translated at $1.00 Canadian. If current rates of exchange had been used, the surplus as shown would have been increased.

G. L. HOLMES
Chairman of the Board

A. T. SEEDHOUSE
President

LIABILITIES

	1967	1966
INSURANCE AND ANNUITY RESERVES The actuarial liabilities of the Company in respect to its insurance and annuity contracts	$1,392,718,000	$1,307,587,000
POLICY BENEFITS IN COURSE OF PAYMENT AND PROVISION FOR UNREPORTED CLAIMS	17,166,000	13,647,000
AMOUNTS ON DEPOSIT Policy proceeds, dividends and other amounts left on deposit with the Company by policyholders and beneficiaries and accrued interest thereon	95,587,000	88,724,000
PROVISION FOR DIVIDENDS TO POLICYHOLDERS Policyholders' dividends to be paid during 1968	18,494,000	17,039,000
OTHER LIABILITIES TO POLICYHOLDERS Miscellaneous credits to policyholders' accounts	5,833,000	5,682,000
COMPANY RETIREMENT PLANS The amounts held by the Company for pensions to employees and agents together with the accumulation of employee contributions	36,684,000	31,479,000
MISCELLANEOUS LIABILITIES Amounts received but not yet allocated, accrued taxes and expenses, mortgagors' tax prepayments, etc.	18,378,000	15,692,000
SEGREGATED INVESTMENT FUND	1,682,000	950,000
CAPITAL STOCK 150,000 shares, $10 par value	1,500,000	1,500,000
CONTINGENCY RESERVE	25,000,000	25,000,000
SURPLUS	112,820,000	102,178,000
	$1,725,862,000	$1,609,478,000

Auditors' Report to the Policyholders

We have examined the balance sheet of The Manufacturers Life Insurance Company as at December 31, 1967 and the income account for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; reserves and other actuarial liabilities were determined and certified by the Company's Actuarial Vice-President. We previously examined and reported upon the financial statements of the Company for the year ended December 31, 1966.

Based on our examination and the certificate of the Actuarial Vice-President, we report that in our opinion these financial statements present fairly the financial position of the Company at December 31, 1967 and 1966 and the results of its operations for the years then ended.

We further report that the market values of bonds and stocks at December 31, 1967 and 1966 are in excess of the values at which these assets are carried in the accounts.

Clarkson, Gordon & Co.

Chartered Accountants.

Toronto, Canada,
January 15, 1968.

Insurance Account

for the year 1967

Business in Force as at December 31, 1966		$6,386,471,000
New Business Issued	$1,021,310,000	
Business Reinstated	32,069,000	
Business Increased (Net)	107,529,000	
Total Increase	$1,160,908,000	
Business terminated by death, maturity of endowment or term	$ 52,777,000	
Business Lapsed	276,288,000	
Business Surrendered including Trinidad business transferred	138,104,000	
Total Decrease	$ 467,169,000	
Net Increase		693,739,000
Business in Force as at December 31, 1967		$7,080,210,000

The Business in Force as at December 31, 1966 has been reduced by $754,000 to reflect a change, from $ .21 to $ .13, in the rate at which Indian Rupees are translated into Canadian Dollars.

Board of Directors

G. L. HOLMES
Chairman of the Board

A. T. SEEDHOUSE
President

C. S. BAND
Vice-President
Chairman
The Canadian Surety Company

G. B. BEATTY
Director
Tappan-Gurney Limited

C. F. H. CARSON, Q.C., LL.D.
Tilley, Carson, Findlay & Wedd

R. E. CROSS
Cross, Wrock, Miller & Vieson
Detroit

R. E. DOWSETT, A.I.A., F.S.A., F.C.I.A.

L. Y. FORTIER
Cate, Ogilvy, Bishop, Cope, Porteous & Hansard
Montreal

J. G. GLASSCO, O.B.E., F.C.A.
President
Brazilian Light
and Power Company Limited

W. J. GRANT

A. J. HETTINGER, JR.
Lazard Freres & Company
New York

J. W. KERR
Chairman and President
Trans-Canada Pipe Lines Limited

K. G. McNAB
Executive Vice-President

A. D. NESBITT, O.B.E., D.F.C.
President
Nesbitt, Thomson and Company Limited
Montreal

G. WILLIAMS
President and General Manager
The Procter & Gamble Company of Canada, Limited